

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AGRE-00 ITC-01 AID-05 CEA-01
CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00
EPG-02 SP-02 STR-04 TRSE-00 LAB-04 SIL-01 OMB-01
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FM AMEMBASSY BRUSSELS
TO AMEMBASSY ROME IMMEDIATE
INFO SECSTATE WASHDC 0908

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USEEC
FOR THE AGRICULTURAL ATTACHE
PASS AGRICULTURE ELECTRONICALLY

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: PROPOSED TEMPORARY REDUCTION IN CXT FOR FROZEN
ORANGE JUICE CONCENTRATE

1. WE ARE INFORMED THAT THE ECONOMIC AND TARIFF PROBLEMS
GROUP (ETPG) OF THE EC WILL CONSIDER DURING ITS JULY 19
MEETING A PROPOSAL FOR TEMPORARY SUSPENSION OF THE DUTY
ON FROZEN ORANGE JUICE CONCENTRATE (CXT NO. 20.07 B II
B 1) FROM ITS PRESENT 19.5 TO 10 PERCENT AD VALOREM.
WE UNDERSTAND THAT ALL MEMBER STATES EXCEPT ITALY, AND
POSSIBLY FRANCE, SUPPORT THIS PROPOSAL. THE FLORIDA
CITRUS JUICE EXPORT COUNCIL (FCJEC) WASHINGTON REPRESENTATIVE,
ROBERT SALTZSTEIN, MET ABOUT 3 WEEKS AGO WITH THE ITALIAN
MINISTRY OF AGRICULTURE DG FOR INTERNATIONAL TRADE POLICY
MORONI, WHO SEEMED TO BE UNSYMPATHETIC TO THE PROPOSED
TARIFF REDUCTION. SALTZSTEIN ALSO MET WITH MANAGING
DIRECTOR BONAVENTURA
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OF GENAL, THE GOVERNMENT-OWNED CITRUS PLANT IN CATANIA.
HE INITIALLY WAS NONCOMMITAL ON THE GROUNDS INTER ALIA
THAT HE CANNOT SELL ITALIAN ORANGE CONCENTRATE IN THE
UNITED STATES.

2. THEREFORE,
SALTZSTEIN MADE THE FOLLOWING OFFER IN

THE NAME OF THE FCJEC IN ORDER TO RESPOND TO BONAVENTURA'S
OBJECTION: BEGIN QUOTE: FOLLOWING TELEPHONE CONVERSATION
LAST WEEK OUR GROUP MET IN FLORIDA FRIDAY AND MAKES
FOLLOWING PROPOSAL WITH WHICH WE HOPE YOU WILL AGREE.

A. AS TO JUICE YOU WISH TO EXPORT TO U.S. AND WHICH
MEETS U.S. GRADE REQUIREMENTS FOR SALE IN ITALIAN
NEIGHBORHOODS, WE WILL WORK OUT A SYSTEM UNDER WHICH IT
WILL BE DUTY FREE.

B. WE WILL BUY FROM NEXT YEAR'S CROP UP TO 1,000 TONS
43 DEGREE BRIX BLOOD ORANGE FROZEN ORANGE CONCENTRATE
AT PREVAILING WORLD PRICES IF JUICE MAKES SCORE AT 37
COLOR, 37 FLAVOR, WITH DEFECTS 18. IF GRADE IS LOWER
ITS USE WOULD NOT BE AS JUICE AND PRICE IS LOWER. BUT
WE HOPE HIGHER SCORE OBTAINABLE.

C. COMMON MARKET TARIFF OF 19.5 PERCENT WOULD BE
SUSPENDED TO ZERO FOR 1 YEAR COMMENCING AS SOON AS
POSSIBLE AND ITALY WOULD NOT OPPOSE THIS SUSPENSION
WHICH COULD BE CONSIDERED IN BRUSSELS SHORTLY IN VIEW
OF BENELUX PROPOSAL ALREADY MADE.

D. DURING SUSPENSION YEAR WE WOULD PROVIDE TECHNICIANS
TO MEET WITH YOUR TECHNICIANS TO DETERMINE HOW SICILY
WOULD BE USED AS A BLENDING STATION UTILIZING SICILIAN
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AND WORLD CITRUS FOR ULTIMATE SALE IN EASTERN EUROPE
AND ELSEWHERE IN MAJOR EFFORT TO INCREASE WORLD CITRUS
CONSUMPTION WHEN SUPPLIES AGAIN INCREASE. THIS YEAR
OF COOPERATION WOULD DETERMINE ADVANTAGES OF LONGER
TERM TARIFF SUSPENSION AND CONTINUED COOPERATION.

E. DURING THIS INITIAL YEAR WE WOULD ALSO EXPLORE WITH
OUR COMMON MARKET CUSTOMERS THE POSSIBILITY OF ADDING
BLOOD ORANGE CANS TO THEIR PRESENT PRODUCT RANGE.

WE BELIEVE THE ADVANTAGE TO BE GAINED BY ITALY AND
PARTICULARLY SICILY FAR OUTWEIGHS A TARIFF WHICH SERVES
NO USEFUL PURPOSE BECAUSE IT APPLIES TO TYPES OF ORANGE
CONCENTRATE NOT PRODUCED IN ITALY AND WHICH ARE
NOT REPLACEABLE BY COMMON MARKET PRODUCTION. THERE IS
NO GAIN TO ANYONE WHEN TARIFF AND VALUE ADDED TAXES NOW
AT HIGH LEVELS BECAUSE OF ADVERSE WEATHER CONDITIONS
IN FLORIDA AND BRAZIL CAUSE CITRUS JUICE CONSUMPTION IN
EUROPE TO DECLINE OR CITRUS SYNTHETIC SUBSTITUTES TO BE
USED. WILL TELEPHONE YOU TUESDAY OR WEDNESDAY TO ANSWER
ANY QUESTIONS AND TO DISCUSS ANY IDEAS YOU MAY HAVE
REGARDS. END QUOTE.

3. WOULD APPRECIATE YOUR URGENT ASSISTANCE IN TRANSMITTING FOREGOING OFFER TO MORONI IMMEDIATELY UPON RECEIPT OF THIS CABLE SO THAT HE CAN INFORM HIS REPRESENTATIVE TO THE ETPG PRIOR TO THE MEETING TOMORROW. YOU MAY WISH TO EXPLAIN TO MORONI THAT THE FOREGOING PROPOSED TARIFF REDUCTION WOULD BENEFIT EUROPEAN CONSUMERS AND ATTEMPTS TO CORRECT A WORLDWIDE SHORTAGE OF CITRUS JUICE OF A TYPE THAT IS PRODUCED IN ITALY. BRAZIL, MOROCCO, ISRAEL, AS WELL AS FLORIDA ARE FACING SHORT SUPPLIES OF THIS QUALITY JUICE AND CONSEQUENT HIGH MARKET PRICES. THE PROPOSAL RESPONDS TO CONVERSATION BETWEEN SALTZSTEIN AND BONAVENTURA.

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4. WOULD APPRECIATE YOUR TELEPHONE REPORT OF MORONI'S COMMENTS, IF ANY. HINTON

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Copy: SINGLE
Sent Date: 18-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
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